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ARIZONA, COLORADO, MONTANA,
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March 28, 2007

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Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

APR 4 2007 1:15pm. *gd*

ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85701

Re: Tucson Electric Power Company
Docket No. E-01933A-05-0650

To Whom It May Concern:

Enclosed for filing in the above-referenced proceeding on behalf of Mesquite Power, L.L.C., Southwestern Power Group II, L.L.C. and Bowie Power Station, L.L.C. and Sempra Energy Solutions are the original and thirteen (13) copies of Intervenor's Comments in Response to Other Parties' Comments on Tucson Electric Power Company's Proposed Recommended Opinion.

Also enclosed are two (2) additional copies of the aforesaid Intervenor's Comments. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance with regard to this matter.

Sincerely,

Lawrence V. Robertson

Lawrence V. Robertson, Jr.

Arizona Corporation Commission
DOCKETED

APR -5 2007

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85701

IN THE MATTER OF THE FILING BY TUCSON) DOCKET NO. E-01933A-05-0650
ELECTRIC POWER COMPANY TO AMEND)
DECISION NO. 62103) INTERVENORS' COMMENTS IN
RESPONSE TO OTHER PARTIES'
COMMENTS ON TUCSON
ELECTRIC POWER COMPANY'S
PROPOSED RECOMMENDED
OPINION AND ORDER

Mesquite Power, L.L.C., Southwestern Power Group II, L.L.C., Bowie Power Station, L.L.C., and Semptra Energy Solutions ("collectively M/S/B/S") hereby respond to the Comments filed by other parties in the above-captioned proceeding on Tucson Electric Power Company's ("TEP") March 16, 2007 (i) Submission of Proposed Recommended Opinion and Order ("Submission") and (ii) Proposed Recommended Opinion and Order ("ROO").

I.

INTRODUCTION

On March 28, 2007 M/S/B/S filed their Comments on TEP's Submission and ROO. M/S/B/S have since had an opportunity to review and analyze the Comments filed by other parties in the above-captioned proceeding, and they are reminded of the allegorical situation of twelve (12) people seated in a circle sharing a joke seriatim. The first person turns to the person seated to his left, and whispers a joke into that person's ear. The second person then turns to the

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2 person seated to his left and whispers the joke to that person; and the process repeats itself until
3 the twelfth person shares the joke with the first person. By that point in time in the collective
4 process, the joke heard by the first person is quite different from the joke as originally told due to
5 the intervening phenomena of individual interpretations and embellishments.

6 More specifically, M/S/B/S find the various parties' perceptions of what TEP
7 procedurally intended through the ROO to be most interesting and diverse, to say the least.
8 Equally of interest is the variety of the parties' suggestions as to how the Commission should
9 proceed from this point forward. Accordingly, and against this background, M/S/B/S believe it
10 is appropriate that they describe at this juncture that procedural course of action which they
11 understood the ROO contemplated, because their previously expressed and qualified¹ support for
12 the ROO was based upon the procedural understanding described in Section II below.

13 II.

14 M/S/B/S' UNDERSTANDING OF THE 15 INTENDED PROCESS AND ANTICIPATED 16 PROCEDURAL EVENTS

17 M/S/B/S actively participated throughout the evidentiary hearing that was conducted in
18 the above-captioned proceeding on March 6-9, 2007; and, they actively participated in off-the-
19 record discussions among the parties as to a possible process to be followed at the conclusion of
20 the evidentiary hearing. Against that background, and assuming that the Commission ultimately
21 adopted a ROO which so provided, M/S/B/S understood that the following would occur.

22 On or before July 2, 2007, TEP would file all that information necessary to constitute a
23 complete rate increase application filing. Such filing would include that information necessary
24 to support each of the four (4) alternative rate approaches which had been discussed during the
25 March 6-9, 2007 evidentiary hearing. Those four (4) alternatives consisted of TEP's (i) Market-
26 Rate Proposal, (ii) Market-Rate Phase-In Proposal, (iii) Cost-Of-Service (with Regulatory Asset

27 ¹ In Sections I and II of their March 28, 2007 Comments, M/S/B/S suggested language deletions and additions,
28 respectively, to the ROO.

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2 of the testimony positions of each of the parties” who have presented testimony. [DOD
3 Comments at page 1, Item No. 1] In addition, M/S/B/S concur with the following statements
4 from the Comments filed by the Commission’s Staff.

5 “...there should be no doubt as to the nature of the proceeding that
6 is to be undertaken. It is a rate case, intended to establish TEP’s
7 rates commencing January 1, 2009, or as soon thereafter as
8 possible.” [Commission Staff Comments at page 4, lines 23-25]²

8 * * *

9 “Market studies illustrating a sufficiently robust market to support
10 TEP’s [‘competitive’ alternative] proposals would seem essential.
11 Similarly, transmission studies demonstrating that TEP has access
12 to sufficient transmission facilities to permit its generation needs to
13 be met by competitive generation would seem to be another
14 prerequisite.” [Commission Staff Comments at page 2, lines 19-
15 22]

16 M/S/B/S do not have a position with regard to the post-May 2008 treatment of the Fixed
17 CTC. Nor do they have a position as to how and when TEP’s DSM, Renewables and TOU
18 proposals should be considered and acted upon by the Commission. Rather, M/S/B/S defer to
19 the views and comments of the parties whose interest would be directly affected by those
20 matters, and Administrative Law Judge Rodda’s consideration of those views and comments.

21 IV.

22 CONCLUSION

23 M/S/B/S continue to support the type of procedure described in Section II above. In
24 addition, they believe that the ROO should be modified to take into account the changes

25 ² In this regard, M/S/B/S also agree with the observation of IBEW Local 116 that the above-captioned proceeding
26 has “morphed” far beyond its original scope and purpose with the passage of time and intervening events. [IBEW
27 Local 116 Comments at page 2, lines 1-4]

28 Further, in this regard, M/S/B/S are somewhat puzzled by RUCO’s preference to litigate to a final resolution at this
time what RUCO characterizes as the “Core Question,” and “consider [the] rate impacts of TEP’s alternative rate
structures in a future proceeding,” unless RUCO has in effect already concluded that pursuing a rate case at this time
would not be cost-effective. However, a serious question would appear to exist as to whether RUCO’s two-step
procedural approach would allow sufficient time for new rates which would be effective by January 1, 2009.

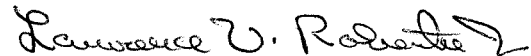
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2 suggested in M/S/B/S' March 28, 2007 Comments, as well as those suggestions made by other
3 parties which are noted in Section III above.

4 In the event that a ROO is either (i) not ultimately issued by Administrative Law Judge
5 Rodda, due to an inability on her part to successfully reconcile the diverse positions of the
6 parties, or (ii) not thereafter adopted by the Commission for whatever reason(s), M/S/B/S will
7 continue to participate in the above-captioned proceeding as appropriate to their respective
8 interests and needs.

9 Dated this 4th day of April 2007.

10 Respectfully submitted,

11 

12 Lawrence V. Robertson, Jr.
13 Attorney for Mesquite Power, L.L.C.,
14 Southwestern Power Group II, L.L.C.,
15 Bowie Power Station, L.L.C., and
16 Sempra Energy Solutions

16 Original and thirteen (13) copies of the
17 foregoing filed with Arizona Corporation
18 Commission Docket Control this 4th day
19 of April 2007 c/o:

19 Arizona Corporation Commission
20 400 W. Congress, Suite 218
21 Tucson, Arizona 85701

21 A copy of the same served by e-mail or first
22 Class mail this same date to:

23 Chairman Mike Gleason
24 Arizona Corporation Commission
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26 Phoenix, Arizona 85007

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